08.07.2013

Eurogroup Statement on Greece

The Eurogroup has been informed on the outcome of the third review mission under the second macroeconomic adjustment programme for Greece and welcomes the staff-level agreement between Greece and the Troika on the updated policy conditionality underlying the programme.

The Eurogroup notes with satisfaction that the programme is broadly on track with the prior actions to be implemented shortly. Greece has made further progress in implementing the fiscal and structural reforms foreseen in the agreed policy conditionality, albeit in some areas at a slow pace. The Eurogroup also takes note that the economic outlook is largely unchanged from the previous review and is encouraged by the early signals pointing to a gradual return to growth in 2014. The Eurogroup commends the authorities for their continued commitment to implement the required reforms that have already led to a significant improvement of cost competitiveness, an impressive strengthening of the fiscal position and a more resilient banking sector. These reforms are key to bring about sustained growth and employment and to secure the sustainability of public finances. The Eurogroup therefore expresses its appreciation for the efforts made by the Greek citizens.

At the same time, significant further work is needed over the next weeks to fully implement all prior actions required for the next disbursement. Especially, the required reforms of the public administration will need to be carried out so as to increase the efficiency of the public sector while it is being steadily downsized, and further efforts are needed to improve tax revenue collection. Ensuring a rapid and full implementation of all the remaining reform measures, including the prior actions, is essential for mitigating risks to the programme and for bringing about sustained growth and employment and for securing the sustainability of public finances.

The Eurogroup mandates the Eurogroup Working Group (EWG) to approve the next EFSF instalment, which amounts to EUR 3.0 bn. The instalment will be disbursed in two sub-tranches. A first sub-tranche of EUR 2.5 bn will be approved by the EWG and the EFSF Board following the full implementation of the prior actions and once Member States have finalised

their relevant national procedures. The disbursement of the second sub-tranche of EUR 0.5 bn will be made in October 2013, linked to the implementation of the MoU milestones as agreed between Greece and the Troika. Furthermore, an amount of EUR 2.0 bn, equivalent to the income on the SMP portfolio accruing to euro area national central banks in 2012, will be disbursed to Greece's segregated account. A first part of EUR 1.5 bn will be passed on to Greece's segregated account together with the disbursement of the first EFSF sub-tranche. The remaining EUR 0.5 bn will be passed on to Greece's segregated account together with the disbursement of the second EFSF sub-tranche.